

Southern Company

2nd Quarter 2011 Earnings

June 30, 2011

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Media Contact: Southern Company Media Relations
404-506-5333 or 1-866-506-5333
media@southerncompany.com
www.southerncompany.com

Investor Relations Contact:
Glen Kundert
404-506-5135
gakunder2@southernco.com

July 27, 2011

Southern Company reports second quarter earnings

ATLANTA – Southern Company (NYSE: SO) today reported second quarter earnings of \$603.3 million, or 71 cents a share, compared with \$510.2 million, or 62 cents a share, for the same period a year ago.

For the six months ended June 30, Southern Company's earnings were \$1.03 billion, or \$1.20 a share, compared with \$1.00 billion, or \$1.22 a share, for the same period a year ago.

Revenues for the second quarter were \$4.52 billion, compared with \$4.21 billion for the same period a year ago, a 7.5 percent increase. For the first six months of the year, revenues were \$8.53 billion, compared with \$8.36 billion for the same period last year, a 2.0 percent increase.

Earnings were positively influenced by regulatory actions at Georgia Power that became effective Jan. 1, 2011, including cash recovery of financing costs related to Plant Vogtle units 3 and 4 that is expected to save Georgia Power customers approximately \$300 million. Earnings were further positively influenced by continued strength in manufacturing exports, as well as improved results at the company's Southern Power subsidiary.

Earnings were negatively affected by higher depreciation and amortization – including reduced amortization of the cost of removal obligations at Georgia Power that helped offset the need for a rate request in 2009 – as well as an increase in the number of Southern Company outstanding shares.

"The industrial sector continues to lead the economic recovery in the Southeast," said Southern Company Chairman, President and CEO Thomas A. Fanning. "We believe our region is well positioned for future expansion, and we are already seeing new business development in several parts of our service territory. Southern Company will continue to support this expansion by focusing on our core business strategy of exceptional customer satisfaction, industry-leading reliability and prices below the national average."

Kilowatt-hour sales to retail customers in Southern Company's four-state service area increased 1.6 percent in the second quarter of 2011 compared with the second quarter of 2010. Residential electricity sales increased 2.2 percent, while commercial sales decreased 0.4 percent and industrial sales increased 3.3 percent.

Total energy sales to Southern Company's customers in the Southeast, including wholesale sales, increased 1.2 percent in the second quarter of 2011 compared with the same period in 2010.

Southern Company's financial analyst call will begin at 1 p.m. Eastern time today, during which Fanning and Chief Financial Officer Art P. Beattie will discuss earnings and provide a general business update. Investors, media and the public may listen to a live webcast of the call and view associated slides at <http://investor.southerncompany.com/events.cfm>. A replay of the webcast only will be available at the site for 12 months.

Southern Company has also posted on its website detailed financial information on its second quarter performance. These materials are available at www.southerncompany.com.

With 4.4 million customers and more than 42,000 megawatts of generating capacity, Atlanta-based Southern Company (NYSE: SO) is the premier energy company serving the Southeast. A leading U.S. producer of electricity, Southern Company is the parent firm of electric utilities in four states and a growing competitive generation company, as well as fiber optics and wireless communications companies. Southern Company brands are known for excellent customer service, high reliability and retail electric prices that are below the national average. Southern Company was named the World's Most Admired Electric and Gas Utility by Fortune magazine in 2011, and is consistently listed among the top U.S. electric service providers in customer satisfaction by the American Customer Satisfaction Index. Visit our website at www.southerncompany.com.

Cautionary Note Regarding Forward-Looking Statements:

Certain information contained in this release is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning economic recovery and economic growth. Southern Company cautions that there are certain factors that can cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Southern Company; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Southern Company's Annual Report on Form 10-K for the year ended December 31, 2010, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory changes, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric utility industry, implementation of the Energy Policy Act of 2005, environmental laws including regulation of water quality, coal combustion byproducts, and emissions of sulfur, nitrogen, carbon, soot, particulate matter, hazardous air pollutants, including mercury, and other substances, financial reform legislation, and also changes in tax and other laws and regulations to which Southern Company and its subsidiaries are subject, as well as changes in application of existing laws and regulations; current and future litigation, regulatory investigations, proceedings, or inquiries, including the pending Environmental Protection Agency civil actions against certain Southern

Company subsidiaries, Federal Energy Regulatory Commission matters and Internal Revenue Service audits; the effects, extent, and timing of the entry of additional competition in the markets in which Southern Company's subsidiaries operate; variations in demand for electricity, including those relating to weather, the general economy and recovery from the recent recession, population and business growth (and declines), and the effects of energy conservation measures; available sources and costs of fuels; effects of inflation; ability to control costs and avoid cost overruns during the development and construction of facilities; investment performance of Southern Company's employee benefit plans and nuclear decommissioning trust funds; advances in technology; state and federal rate regulations and the impact of pending and future rate cases and negotiations, including rate actions relating to fuel and other cost recovery mechanisms; regulatory approvals and actions related to the Plant Vogtle expansion, including Georgia Public Service Commission and Nuclear Regulatory Commission approvals and potential U.S. Department of Energy loan guarantees; regulatory approvals and actions related to the integrated coal gasification combined cycle facility in Kemper County, Mississippi, including Mississippi Public Service Commission approvals and potential U.S. Department of Energy loan guarantees; the performance of projects undertaken by the non-utility businesses and the success of efforts to invest in and develop new opportunities; internal restructuring or other restructuring options that may be pursued; potential business strategies, including acquisitions or dispositions of assets or businesses, which cannot be assured to be completed or beneficial to Southern Company or its subsidiaries; the ability of counterparties of Southern Company and its subsidiaries to make payments as and when due and to perform as required; the ability to obtain new short- and long-term contracts with wholesale customers; the direct or indirect effect on Southern Company's business resulting from terrorist incidents and the threat of terrorist incidents; interest rate fluctuations and financial market conditions and the results of financing efforts, including Southern Company's and its subsidiaries' credit ratings; the ability of Southern Company and its subsidiaries to obtain additional generating capacity at competitive prices; catastrophic events such as fires, earthquakes, explosions, floods, hurricanes, droughts, pandemic health events such as influenzas, or other similar occurrences; the direct or indirect effects on Southern Company's business resulting from incidents affecting the U.S. electric grid or operation of generating resources; and the effect of accounting pronouncements issued periodically by standard setting bodies. Southern Company expressly disclaims any obligation to update any forward-looking information.

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Southern Company
Financial Highlights
(In Millions of Dollars Except Earnings Per Share)

	Three Months Ended June		Year-to-Date June	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Consolidated Earnings—As Reported (See Notes)				
Traditional Operating Companies	\$ 558	\$ 475	\$ 943	\$ 957
Southern Power	45	32	82	46
Total	<u>603</u>	<u>507</u>	<u>1,025</u>	<u>1,003</u>
Parent Company and Other	0	3	1	2
Net Income—As Reported	<u>\$ 603</u>	<u>\$ 510</u>	<u>\$ 1,026</u>	<u>\$ 1,005</u>
Basic Earnings Per Share	\$ 0.71	\$ 0.62	\$ 1.20	\$ 1.22
Average Shares Outstanding <i>(in millions)</i>	855	828	851	825
End of Period Shares Outstanding <i>(in millions)</i>			858	831

Notes

- For the three months and six months ended June 30, 2011 and 2010, dilution does not change basic earnings per share by more than 1 cent and is not material.
- Certain prior year data has been reclassified to conform with current year presentation.
- Information contained in this report is subject to audit and adjustments. Certain classifications and rounding may be different from final results published in the Form 10-Q.

Southern Company
Significant Factors Impacting EPS

	<u>Three Months Ended June</u>			<u>Year-to-Date June</u>		
	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>
Consolidated Earnings Per Share– As Reported (See Notes)	\$0.71	\$0.62	\$0.09	\$1.20	\$1.22	(\$0.02)
<u>Significant Factors:</u>						
Traditional Operating Companies			0.09			(0.02)
Southern Power			0.02			0.04
Parent Company and Other			0.00			0.00
Additional Shares			(0.02)			(0.04)
Total–As Reported			\$0.09			(\$0.02)

Notes

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Southern Company
EPS Earnings Analysis
Three Months Ended June 2011

Cents	Description
2¢	Retail Sales
14	Retail Revenue Impacts
1	Weather
(1)	Wholesale Revenues
1	Other Operating Revenues
(5)	Depreciation & Amortization
(2)	Other Income & Deductions
1	Interest Expense
(1)	Taxes Other Than Income Taxes
(1)	Income Taxes
9¢	Total Traditional Operating Companies
2	Southern Power
(2)	Increase in Shares
9¢	Total Change in QTD EPS

Notes

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Southern Company
Consolidated Earnings
(In Millions of Dollars)

	Three Months Ended June			Year-to-Date June		
	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>
Income Account-						
Retail Revenues-						
Fuel	\$ 1,491	\$ 1,454	\$ 37	\$ 2,794	\$ 2,882	\$ (88)
Non-Fuel	2,351	2,117	234	4,444	4,148	296
Wholesale Revenues	507	473	34	956	1,015	(59)
Other Electric Revenues	154	142	12	303	278	25
Non-regulated Operating Revenues	18	21	(3)	36	42	(6)
Total Revenues	<u>4,521</u>	<u>4,207</u>	<u>314</u>	<u>8,533</u>	<u>8,365</u>	<u>168</u>
Fuel and Purchased Power	1,817	1,757	60	3,393	3,529	(136)
Non-fuel O & M	913	918	(5)	1,855	1,827	28
Depreciation and Amortization	429	367	62	848	710	138
Taxes Other Than Income Taxes	227	214	13	447	426	21
Total Operating Expenses	<u>3,386</u>	<u>3,256</u>	<u>130</u>	<u>6,543</u>	<u>6,492</u>	<u>51</u>
Operating Income	1,135	951	184	1,990	1,873	117
Other Income, net	32	42	(10)	69	88	(19)
Interest Charges	199	219	(20)	421	441	(20)
Income Taxes	349	248	101	580	483	97
Net Income	<u>619</u>	<u>526</u>	<u>93</u>	<u>1,058</u>	<u>1,037</u>	<u>21</u>
Dividends on Preferred and Preference Stock of Subsidiaries	16	16	0	32	32	0
NET INCOME AFTER DIVIDENDS ON PREFERRED AND PREFERENCE STOCK (See Notes)	<u>\$ 603</u>	<u>\$ 510</u>	<u>\$ 93</u>	<u>\$ 1,026</u>	<u>\$ 1,005</u>	<u>\$ 21</u>

Notes

- Certain prior year data has been reclassified to conform with current year presentation.
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Southern Company
Kilowatt-Hour Sales
(In Millions of KWHs)

As Reported (See Notes)	Three Months Ended June				Year-to-Date June			
	<u>2011</u>	<u>2010</u>	<u>Change</u>	Weather Adjusted <u>Change</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>	Weather Adjusted <u>Change</u>
Kilowatt-Hour Sales-								
Total Sales	48,393	47,826	1.2%		93,198	96,285	-3.2%	
Total Retail Sales-	40,329	39,676	1.6%	1.5%	78,549	79,446	-1.1%	1.5%
Residential	12,996	12,711	2.2%	1.2%	26,215	27,840	-5.8%	0.1%
Commercial	13,938	13,992	-0.4%	0.0%	26,272	26,743	-1.8%	-0.4%
Industrial	13,160	12,739	3.3%	3.5%	25,590	24,389	4.9%	4.9%
Other	235	234	0.3%	0.1%	472	474	-0.5%	-0.6%
Total Wholesale Sales	8,064	8,150	-1.1%	N/A	14,649	16,839	-13.0%	N/A

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Southern Company
Financial Overview
(In Millions of Dollars)

	Three Months Ended June			Year-to-Date June		
	<u>2011</u>	<u>2010</u>	<u>% Change</u>	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Consolidated –						
Operating Revenues	\$ 4,521	\$ 4,207	7.5%	\$ 8,533	\$ 8,365	2.0%
Earnings Before Income Taxes	968	774	25.1%	1,638	1,520	7.7%
Net Income Available to Common	603	510	18.2%	1,026	1,005	2.1%
Alabama Power –						
Operating Revenues	\$ 1,440	\$ 1,462	-1.5%	\$ 2,760	\$ 2,957	-6.7%
Earnings Before Income Taxes	331	319	3.8%	589	654	-9.9%
Net Income Available to Common	190	190	0.0%	342	393	-13.0%
Georgia Power –						
Operating Revenues	\$ 2,265	\$ 2,000	13.3%	\$ 4,254	\$ 3,984	6.8%
Earnings Before Income Taxes	483	359	34.8%	804	694	15.8%
Net Income Available to Common	309	238	29.8%	515	476	8.2%
Gulf Power –						
Operating Revenues	\$ 399	\$ 403	-1.0%	\$ 724	\$ 760	-4.7%
Earnings Before Income Taxes	55	53	3.3%	75	95	-21.2%
Net Income Available to Common	33	32	3.2%	45	58	-21.8%
Mississippi Power –						
Operating Revenues	\$ 286	\$ 277	3.3%	\$ 549	\$ 560	-2.0%
Earnings Before Income Taxes	38	25	54.6%	61	50	20.5%
Net Income Available to Common	25	15	66.1%	40	30	30.9%
Southern Power –						
Operating Revenues	\$ 305	\$ 248	22.8%	\$ 587	\$ 505	16.2%
Earnings Before Income Taxes	69	39	76.1%	127	63	101.5%
Net Income Available to Common	45	32	41.3%	82	46	77.9%

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